

EOD SEP 4 - 2002

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re:	)	Case No. 02-B02474
	)	(Jointly Administered)
KMART CORPORATION, <u>et al.</u> ,	)	Chapter 11
	)	Hon. Susan Pierson Sonderby
	)	
Debtors.	)	

**AMENDED AND RESTATED ORDER PURSUANT TO  
11 U.S.C. §§ 102 AND 105(a), BANKRUPTCY RULES 2002(m) AND  
9007, AND LOCAL RULES 101, 400, AND 402 ESTABLISHING  
OMNIBUS HEARING DATES AND CERTAIN NOTICE, CASE  
MANAGEMENT AND ADMINISTRATIVE PROCEDURES**

Upon the motion dated January 22, 2002 (the "January 22, 2002 Motion"), of Kmart Corporation ("Kmart") and 37 of its subsidiaries and affiliates (the "Affiliate Debtors"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), for entry of an order, pursuant to sections 102(1) and 105(a) of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"), Rules 2002(m) and 9007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Rules 101, 401, and 402 (the "Local Rules") establishing omnibus hearing dates and certain notice, case management, and administrative procedures in the Debtors' chapter 11 cases; and upon the Motion to Approve Amendments to the Order Pursuant to 11 U.S.C. §§ 102 and 105(a), Bankruptcy Rules 2002(m) and 9007, and Local Rules 101, 400, and 402

Establishing Omnibus Hearing Dates and Certain Notice, Case Management and Administrative Procedures, dated August 9, 2002 (the "August 9, 2002 Motion"); it appearing to the Court that (i) it has jurisdiction over the matters raised in the Motions pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the Motions is in the best interests of the Debtors, their estates and their creditors; (iv) proper and adequate notice of the Motions and the hearing thereon has been given and that no other or further notice is necessary; and (v) upon the record herein, after due deliberation thereon, that the relief should be granted as set forth below,

A. Monthly Omnibus Hearing Dates

1. The Court shall conduct the following omnibus hearings on a monthly basis (or as otherwise set by the Court) in these cases (the "Omnibus Hearing Dates"):

February 13, 2002 at 11:00 a.m. (Central Time)

March 6, 2002 at 11:00 a.m. (Central Time)

March 20, 2002 at 11:00 a.m. (Central Time)

April 24, 2002 at 11:00 a.m. (Central Time)

May 29, 2002 at 11:00 a.m. (Central Time)

June 26, 2002 at 11:00 a.m. (Central Time)

July 24, 2002 at 11:00 a.m. (Central Time)

August 29, 2002 at 11:00 a.m. (Central Time)  
September 25, 2002 at 11:00 a.m. (Central Time)  
October 30, 2002 at 11:00 a.m. (Central Time)  
November 20, 2002 at 11:00 a.m. (Central Time)  
January 29, 2003 at 11:00 a.m. (Central Time)  
February 26, 2003 at 11:00 a.m. (Central Time)  
March 26, 2003 at 11:00 a.m. (Central Time)  
April 30, 2003 at 11:00 a.m. (Central Time)  
May 28, 2003 at 11:00 a.m. (Central Time)  
~~June 25, 2003 at 11:00 a.m. (Central Time)~~  
July 23, 2003 at 11:00 a.m. (Central Time)  
August 27, 2003 at 11:00 a.m. (Central Time)  
September 24, 2003 at 11:00 a.m. (Central Time)  
October 29, 2003 at 11:00 a.m. (Central Time)  
November 19, 2003 at 11:00 a.m. (Central Time)

2. Omnibus Hearing Dates will occur thereafter as may be scheduled by the Court. All matters requiring a hearing in these cases shall be set for and be heard on Omnibus Hearing Dates unless alternative hearing dates are approved by the Court for good cause shown.

B. Notice Procedures

3. Every Filing shall be subject to the following Notice Procedures described herein. All Filings shall be filed with the Court in accordance with the Local Rules. All Filings shall be served on any entity with a particularized interest in the subject of the Filing. All Filings in these cases shall also be served upon the following list (the "Master Service List") of parties or entities:

(a) The Debtors at Kmart Corporation, Kmart Resource Center, 3100 West Big Beaver Road, Troy, Michigan 48084-3163 (Attn: Janet Kelley);

(b) Counsel to the Debtors, Skadden, Arps, Slate, Meagher & Flom (Illinois), 333 West Wacker Drive, Suite 2100, Chicago, Illinois 60606 (Attn: John Wm. Butler, Jr.)

(c) The Office of the United States Trustee, 227 West Monroe Street, Suite 3350, Chicago, Illinois 60606 (Attn: Kathryn Gleason);

(d) Counsel to any official committee(s) established in these cases pursuant to section 1102 of the Bankruptcy Code (the "Committee(s)) (who shall serve a notice of appearance on the Master Service List promptly after its retention);

(e) Counsel to the administrative agents for the Debtors' postpetition lenders, Morgan Lewis & Bockius, 101 Park Avenue, New York, New York 10178 (Attn: Robert H. Scheibe and Jay Teitelbaum) and Jenner & Block LLC, One IBM Plaza, Chicago, Illinois 60611 (Attn: Jeff J. Marwil and Brian I. Swett);

(f) Counsel to the Debtors' prepetition lenders, Simpson, Thatcher & Bartlett, 425 Lexington Avenue, New York, New York 10017 (Attn: Peter V. Pantalco);

(g) In accordance with Local Rule 603A, all Local Counsel having entered a notice of appearance in these cases, but in each such case, only one copy of the Filing regardless of how many creditors or parties-in-interest the Local Counsel represents; and

(h) Those parties that may be added to the Master Service List upon written request to the Debtors and the Committee(s) and as ordered by the Court for good and sufficient cause pursuant to Local Rules 403A(2) and 422 and as required hereby.

4. Parties may be added or deleted from the Master Service List upon written request for good and sufficient cause, in accordance with the procedures set forth in this Order.

5. All initial Filings, complaints and other pleadings filed in any adversary proceeding commenced in these cases (the "Adversary Pleadings") shall be served on (a) the Debtors and their counsel; (b) the Office of the United States Trustee; (c) counsel to the Committees; (d) counsel to the agent for the Debtors' postpetition credit facility; (e) counsel to the Debtors' prepetition lenders, as well as any parties required to be served under any applicable Bankruptcy Rule or Local Rule, in the manner provided by the Bankruptcy Rules that govern adversary proceedings. Subsequent Adversary Pleadings shall be served on parties to the underlying adversary proceeding, in the manner provided by the Bankruptcy Rules that govern adversary proceedings.

6. With respect to all Filings for which particular notices are required by Bankruptcy Rules 2002(a)(2) and (3), 4001, 6004, 6006, 6007 or 9019, parties shall

serve all such Filings on the Master Service List herein and also in accordance with the following procedures, unless otherwise authorized by the Court:

(a) Filings related to the use, sale, lease or abandonment of property other than in the ordinary course of business shall be served on each entity asserting an interest in the property.

(b) Filings related to relief from, or otherwise related to, the automatic stay shall be served on each entity asserting a lien or encumbrance on the affected property.

(c) Filings relating to the use of cash collateral or obtaining credit shall be served on each adversely affected entity asserting an interest in the cash collateral or each adversely affected entity asserting a lien or other interest in property on which a lien is proposed to be granted.

(d) Filings relating to approval of proposed compromises or settlements shall be served on any entity that is a party to the compromise or settlement or which may be directly adversely affected thereby.

(e) Filings relating to rights under section 365 of the Bankruptcy Code shall be served on each party to the executory contract(s) or unexpired lease(s) affected thereby.

(f) Filings relating to applications for payment of compensation or reimbursement of expenses shall be served on each professional person who is seeking payment of compensation or reimbursement of expenses and whose retention has been authorized by the Court in these cases.

(g) Notice of other matters for which the Bankruptcy Rules specifically require notice to all parties-in-interest shall be served on all creditors and equity security holders of the Debtors and parties-in-interest, except as set forth herein or as otherwise authorized by this Court.

7. Except as set forth herein or otherwise authorized by this Court, the noticing procedures set forth above shall not apply to notices of the matters or

proceedings described in the following Bankruptcy Rules:

(a) Bankruptcy Rule 2002(a)(1) (meeting of creditors pursuant to section 341 of the Bankruptcy Code).

(b) Bankruptcy Rule 2002(a)(2) (any proposed use, sale or lease of property of the estate other than in the ordinary course of business, to the extent that such use, sale or lease concerns all or substantially all of the Debtors' assets).

(c) Bankruptcy Rule 2002(a)(3) (the hearing on approval of a compromise or settlement of a controversy other than approval of an agreement pursuant to Bankruptcy Rule 4001(d)(1), to the extent that such compromise or settlement either involves claims between and among the Debtors and any Committee or a plan of reorganization).

(d) Bankruptcy Rule 2002(a)(4) (a hearing on the dismissal of the case or cases, or the conversion of the case or cases to another chapter).

(e) Bankruptcy Rule 2002(a)(5) (the time fixed to accept or reject a proposed modification of a plan of reorganization).

(f) Bankruptcy Rule 2002(b)(1) (the time fixed for filing objections and any hearing to consider approval of a disclosure statement).

(g) Bankruptcy Rule 2002(b)(2) (the time fixed for filing objections and any hearing to consider confirmation of a plan of reorganization).

(h) Bankruptcy Rule 2002(d) (certain matters for which notice is to be provided to equity security holders).

(i) Bankruptcy Rule 2002(f)(1) (the entry of an order for relief).

(j) Bankruptcy Rule 2002(f)(2) (the dismissal or conversion of a case to another chapter of the Bankruptcy Code).

(k) Bankruptcy Rule 2002(f)(3) (the time allowed for filing claims pursuant to Rule 3002).

(l) Bankruptcy Rule 2002(f)(6) (the waiver, denial or revocation of a discharge as provided in Bankruptcy Rule 4006).

(m) Bankruptcy Rule 2002(f)(7) (the entry of an order confirming a chapter 11 plan or plans of reorganization).

(n) Bankruptcy Rule 2002(f)(8) (a summary of the trustee's final report and account should a case be converted to chapter 7 of the Bankruptcy Code).

8. Any entity submitting a Filing shall serve a notice of such filing on all 2002 List Parties (defined below). Such notice shall include the title of the Filing and the time and date of any objection deadline and the Omnibus Hearing or other hearing date, as ordered by the Court at which the Court will consider the Filing (the "Applicable Hearing Date"). Nothing shall prejudice (i) the rights of any party in interest to move the Court to further limit or expand notice of such matters and proceedings upon a showing of good cause, including, but not limited to, the right to file a motion seeking emergency ex parte consideration or consideration upon shortened time; or (ii) the rights of any party to seek an enlargement or reduction of a time period under Bankruptcy Rule 9006(b) or (c).

9. All Notice Requests, whether now filed or filed in the future, for automatic receipt of copies of Filings, Responses, Adversary Pleadings and other documents or writings filed in these cases and any adversary proceeding will be denied except as set forth herein.



10. Parties who file notices of appearance and who desire to be added to the Master Service List should make a written request to that effect to the Debtors. In the written request, the requesting party shall advise the Debtors of the party's interest in the bankruptcy cases and why cause exists for the party's inclusion on the Master Service List. The Debtors shall have twenty (20) business days from receipt of such a request to consider such a request. If the Debtors decline the request or fail to respond to the same within such 20-day period, the requesting party may then move the Court in accordance with the Notice Procedures, for good cause shown, to be added to the Master Service List.

11. On the last day of each calendar month, or as soon thereafter as is practicable, a copy of this Order, as it may be modified or amended from time to time, shall be served by the Debtors on each party (the "2002 List Parties") that filed a notice of appearance or request for notice in these cases during the preceding month.

12. In the event that a Filing is a motion or application for relief, the objection deadline shall be (a) the seventh (7<sup>th</sup>) calendar date before the Applicable Hearing Date if the Filing is filed and served at least twenty (20) days prior to the Applicable Hearing Date; (b) the fifth (5<sup>th</sup>) calendar date before the Applicable Hearing Date if the Filing is filed and served less than twenty (20) but at least fourteen (14) days prior to the Applicable Hearing Date; or (c) otherwise as ordered

by the Court. The relief requested in the Filing will be granted without a hearing if no objection is timely filed.

13. In the event that a Filing is a reply (a "Reply") to an objection, such Reply shall be filed and served so as to be received by the Court, the Debtors, counsel to the Debtors, the Office of the United States Trustee, counsel to the Committees, and affected parties by Noon (Central Time) on the second day prior to the Applicable Hearing Date that is an Omnibus Hearing Date, provided that in the event that a Filing is an omnibus reply (an "Omnibus Reply") to multiple objections, such Omnibus Reply shall be filed and served so as to be received by the court, the Debtors, counsel to the Debtors, the Office of the United States Trustee, counsel to the Committees, and affected parties by Noon (Central Time) on the day prior to the Applicable Hearing Date that is an Omnibus Hearing Date.

14. In the event that a Filing is a motion or application for relief and is filed and served at least twenty (20) days prior to the Applicable Hearing Date, such Filing shall be served (a) via overnight delivery on the Debtors, counsel to the Debtors, the Office of the United States Trustee, counsel to the Committees, and affected parties and (b) via first class mail on all other parties on the Master Service List. Notices served on 2002 List Parties may also be served via first class mail. In the event that a Filing is a motion or application for relief and is filed and served at least fourteen (14) days but less than twenty (20) days prior to the Applicable

Hearing Date, such Filing shall be served via overnight delivery on the Master Service List. Notices served on 2002 List Parties shall be served via overnight delivery.

15. Pursuant to Local Rule 402F, the Hearing Date is the date of the "request" to modify the automatic stay under section 362 of the Bankruptcy Code (a "Lift Stay Motion"). In accordance with the deadline and Hearing Date procedures outlined above, and pursuant to section 362(e) of the Bankruptcy Code, unless the Court orders otherwise for good cause shown, if a Lift Stay Motion is filed more than fourteen (14) days before the next scheduled Omnibus Hearing Date, the preliminary hearing/"request" with respect to such Motion shall be such Omnibus Hearing Date. The preliminary hearing/"request" with respect to any Lift Stay Motion filed less than fourteen (14) days before the next scheduled Omnibus Hearing Date shall be the Omnibus Hearing Date following the next Omnibus Hearing Date. Except as specifically set forth herein, all other procedures for Lift Stay Motions shall otherwise conform to the Local Rules and the Bankruptcy Rules.

16. Except as otherwise provided for herein, all persons on the Master Service List shall be served with Filings by overnight mail. All objections, responses or statements in support of Filings as well as any replies thereto (collectively "Responses") need only be served on counsel who served such Filings and the parties described in (a) through (e) of paragraph 4 above, provided that all such

Responses shall be served so as to be actually received by such parties by the applicable objection deadline.

17. If any person makes any Filing in contravention of the Omnibus Hearing Date process by, among other things, setting a hearing on such Filing for a date and time other than an Omnibus Hearing Date without an order from this Court authorizing such hearing for cause, the Debtors shall forward a copy of the Procedures Order to such person within three (3) business days after receipt. If such Filing is filed at least twenty (20) days prior to the next Omnibus Hearing Date, then the hearing with respect to such Filing shall be deemed to be on such Omnibus Hearing Date. If such Filing is filed less than twenty (20) days prior to the next Omnibus Hearing Date, then the hearing with respect to such Filing shall be the next Omnibus Hearing Date thereafter.

C. Official Copy Service

18. Landmark Document Services, 308 West Randolph, Suite 500, Chicago, IL 60606, tel: (312) 845-1000, fax: (312) 726-9027 is designated the Official Copy Service. Any entity, including the Debtors, submitting any Filing, Response, Adversary Pleadings or other notices or documents to the Court shall also, on the day such document is submitted with the Court, provide one copy thereof to the Official Copy Service. The Official Copy Service shall monitor the docket in

these cases and coordinate with Debtors' counsel to ensure that they have copies of all documents filed in the Debtors' cases.

19. The Official Copy Service will maintain (or have access to) a complete set of all documents filed in these cases henceforth. Upon request of any person, the Official Copy Service will supply a copy of any designated document, at a cost to be paid by the person requesting it at the prevailing fee being charged by the Official Copy Service. Any party that desires copies of every document filed in these cases may obtain such documents at its own expense by arrangement with the Official Copy Service.

20. The Court may conduct case status conferences pursuant to 11 U.S.C. § 105 to review these matters from time to time with representatives of the Debtors, any statutory committees, the United States Trustee, and the Clerk of the Bankruptcy Court. Any statutory committees shall have five (5) days from its formation to provide comments to this Order. Any dispute shall be resolved by the Court on notice.

Dated: Chicago, Illinois  
August 29 2002

  
Hon. Susan Pierson Sonderby  
UNITED STATES BANKRUPTCY JUDGE